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ABSTRACT

Children comprise the largest group of poor Canadians. While childhood poverty is closely related to a number of factors pertaining to the structure and functioning of families, such as parental marital status and wage-earning patterns, the poverty of children is a consequence of the poverty of families. As such, childhood poverty can be reduced or eliminated only indirectly through policies oriented toward improving families' financial security. The incidence of poverty among Canada's children is itself a function of the more general erosion of the nation's commitment to its children. Contrary to current opinion, the interests of poor children and their parents will not be effectively advanced by reducing the modest amount of support provided to relatively advantaged children and their parents. Family allowances and tax provisions are not welfare measures for the middle-class. They are, rather, the only measures through which Canadians have provided a minimal, yet tangible, acknowledgement of the costs incurred by parents in raising the next generation of citizens. There is much that can and should be done to supplement the capacities of families to care for their children. (RH)

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FAMILY POVERTY - CHILDHOOD POVERTY

SUBMISSION OF THE VANIER INSTITUTE OF THE FAMILY

WITH RESPECT TO CHILHOOD POVERTY

TO

THE SUB-COMMITTEE ON POVERTY
OF THE
STANDING COMMITTEE OF THE HOUSE OF COMMONS ON HEALTH AND WELFARE
SOCIAL AFFAIRS, SENIORS AND THE STATUS OF WOMEN

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February, 1990

The Vanier Institute of the Family has, since its inception in 1965 under the patronage of their Excellencies Governor General Georges P. Vanier and Madame Pauline Vanier, worked to promote the well-being of Canadian families. Through its programs of research, communications and public education as carried out under the direction of its nationally-representative Board of Directors, this voluntary organization maintains regular contact with some 8,500 individuals and organizations representing, among others, educators, family service professionals, policy-makers, researchers and family members.

We're not your common beggars that go from door to door.
We are your neighbours children whom you have seen before.

The Wassail Song

FAMILY POVERTY = CHILDHOOD POVERTY

Poor children are the sons and daughters of poor parents. The economic status of children is, in the vast majority of cases, contingent on the economic circumstances of their parents. As such, the problems of poor children will not be resolved if they are thought of as isolated, atomized individuals. Any successful policies and programs to reduce or eliminate childhood poverty will, of necessity, address the underlying reason for their poverty, namely the poverty of their parents.

Even a cursory review of the facts and figures about poverty reveals the extent to which it is associated with the structure and functioning of families and the recent trends of socio-economic and family change. Analysis of poverty trends during the decade of the 1980's reveals that children make up the largest group of poor people in the country. As well, it is known that the majority of poor children do have a parent who is in the labour force. The majority of children living in poverty live with two parents. Children with mothers and fathers who are themselves still young are more likely to experience poverty. Larger families with many children are at a greater risk of poverty than are smaller families. The majority of children being raised by single mothers live in poverty.

Despite the importance of social assistance in containing the incidence and effects of poverty, employment income remains the only secure basis for family income security. The current rates of social assistance in most regions of Canada do not adequately protect children from poverty. There is considerable movement in and out of poverty and poverty is an experience that is not confined solely to a stable and unchanging group within the society. In many centres, it is the cost of housing that has forced more and more parents to rely on food banks to ensure that their children do not go hungry.

We know, from the thorough work of the National Council of Welfare from which most of the figures cited here are drawn,[1] that whereas childless couples had a lower poverty rate in 1986 than in 1980, families with children ran a greater risk of poverty at the end of the same period. Compared with childless couples, families with one or two children were twice as likely to be poor; families with three or more children were three times as likely to be poor than childless couples. Therefore, family size is significantly related to the incidence of poverty. There is, of course, an irony to this in light of the growing concern over the trends of demographic change and societal aging that have resulted precisely from declining rates of fertility and smaller families.

While there may be debate about whether the absolute number of children growing up in poverty today exceeds one million because of controversies over the methodologies of its calculation, a comparison of the rates of childhood poverty over the last decade reveals that the present incidence of poverty among children is still greater than it was at the beginning of the last decade. Nearly 1 of every 6 Canadian children is growing up in poverty. Furthermore, whereas the rate of poverty among all persons declined from 15.1% in 1980 to 14.9% in 1986, the rate of childhood poverty actually increased from 15% to 17.6% over the same period and fell to only 16.1% by 1988.

The majority of poor children, approximately 60%, live in two-parent families. Another 35.5% of them live with sole-support mothers and the remainder live with sole-support fathers. Comparing these proportions with those for all children in the population reveals the significant correlation between child poverty and the marital status of mothers: 86.5% of all children, poor and non-poor combined, live in two-parent families; 10.1% in mother-led lone-parent families; and, 4.4% in father-led lone-parent families. As such, the risk of poverty for a child living in a female-headed lone-parent family is five times greater than for a child in a two-parent family. More than one-half of lone-parent families headed by women, 56% in 1986, lived on incomes below the poverty line.

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1. National Council of Welfare. Poverty Profile 1988. Ottawa: Minister of Supply and Services, Cat. no. H67-1/4-1988E.

Because the rates of family poverty are significantly elevated for young couples and rose between 1973 and 1986 from 16% to 30%, the risk of poverty among younger children is greater than for the population of children as a whole. While the overall rate of poverty among children below the age of 16 was 17.6% in 1986, 21% of children below the age of six and 19% between the ages of six and fourteen lived in poverty.

To conclude this brief review of the facts and figures that demonstrate the close link between poverty, childhood poverty and family status, it is important to recognize that most poor children are being raised by a man or a woman who does hold a job in the labour force or is actively looking for one. In 1986, 55.7% of low-income families were headed by a member of the labour force and fully 26.7% of them were headed by someone who worked 49 weeks or longer.

Of course, these raw facts and figures fail to convey adequately what poverty means for a child, for his or her mother or father. Behind all the well-documented correlations between childhood poverty and poor health, illiteracy, lower educational attainments and so on, there is:

-the hunger of a child and the anguish and guilt of his or her parents;
-the poor grades and wasted opportunity of the child who is under-nourished;
-the tension, conflict and even violence within which the child grows that is fuelled by financial insecurity;
-the fear experienced by the child left alone because child care is unavailable or unaffordable;
-the risk of accidents and, even death, when the neighbourhoods and streets where poor children play are unsafe;
-the exhaustion of the single parent trying to juggle the competing demands of her workplace and the needs of her children;
-the elevated threat of early experimentation and abuse of alcohol and drugs;
-the native child suffering with tuberculosis or growing up in one of the six out of every ten native households without running water.

THE EROSION OF CANADA'S COMMITMENT TO ITS CHILDREN

The system of family and child benefits was built upon the recognition that the work that parents do in raising our children benefits not just those children and themselves but rather the society as a whole. It was a system that acknowledged, in a very modest fashion, that the capacity of parents to pay tax is less than the capacity of others at the same income level precisely because of the costs of raising children, costs roughly estimated to be between three and four thousand after-tax dollars per child per year. Put simply, a couple raising children has a lower disposable income than a childless couple at the same income level.

Time and again, the objectives of universal family allowances and of family-related tax provisions have been mistakenly equated with the income-security objectives of social assistance. Yet, family allowances and tax provisions are not welfare measures for the middle-class. They are rather, the only measures through which our society has traditionally provided a minimal yet tangible acknowledgement of the costs incurred by parents in raising the next generation of citizens.

The incidence of poverty among our nation's children is itself a function of the more general erosion of Canada's commitment to its children. And, the interests of poor children and their parents will not be effectively advanced by reducing the modest amount of support provided to other children and their parents. The cumulative effects of recent budgets and tax reforms will have, by 1991, effectively withdrawn more than one and a half billion dollars from the Canadian system of child and family benefits. This regrettable erosion of Canada's commitment to recognize and support parents and children has resulted from:

-the partial de-indexation of all aspects of the child benefit system which means that the real value of its benefits decreases automatically by 3% per year;

-the reduction by 1/2 in the value of the former child tax exemption and the corresponding level at which the post-tax reform child tax credit was established;

-the reduction in the refundable child tax credit turning point along with the tax reform-related increase in the net income of middle-income tax payers, the figure upon which calculation of eligibility for the refundable child tax credit is based; and,

-the recently proposed "clawback" of family allowances from middle-income and upper-income earners.

Recent budgets and tax reforms have reduced both the real value of family allowances through partial de-indexation and of the acknowledgements provided through the tax system for the work carried out by parents. For example, in 1971 the value of the child tax exemption was equivalent to 30% of the personal exemption while the value of the child tax credit subsequent to tax reform equals no more than 6.5% of the value of the personal tax credit.[2] It is perhaps important to point out that these recent "cuts" to the child and family benefit system have accelerated what had already been a significant and steady erosion of the system over the past 40 years: by 1986, expenditures on family allowances as a proportion of GNP had declined from 1.7% to .6% because declining fertility meant that fewer children and parents were receiving such support; again, by 1986, prior to the recent cuts, the value of family allowances to parents and children had already declined and represented .7% of the parents' personal income, down from 1.2% in 1977 and 2.2% in 1950.[3]

It was toward the policy objective of 'horizontal equity' that family allowances and tax provisions were introduced in order to better balance the tax burdens and tax expenditures between adults with children and those without. This principle is an important one in the context of a society that often claims that children are its most valuable asset and that families are its foundation. It is also important in a society in which adults already bear fewer children than are necessary to replace themselves. Declining rates of fertility and the consequent trend of societal aging now pose significant challenges to be faced in the years to come.

Even though the essential objective of family allowances is to increase the horizontal equity between those with and those without children, Canada's program of universal family allowances has also traditionally served to benefit most those who most need help because the allowances are taxable as income according to progressive rates of taxation. As such, the objective of increasing the vertical equity among families of different income levels has been met, even if modestly, by Canada's family allowance program. Along with the welcome change from child tax exemptions to child tax credits which further ensures a more

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2. Canadian Council on Social Development. "Communique: Family Allowance Reductions Hardest on Poor," Ottawa: 1985.

3. National Council of Welfare. "Opportunity for Reform: A Response by the National Council of Welfare to the Consultation Paper on Child and Elderly Benefits." Ottawa: March, 1985, p. 60.

progressive distribution of benefits within the overall family and child benefits system, it is the enhancement of progressivity within the personal income tax system that can best ensure an appropriate targeting of benefits to lower income families without forfeiting the equally important objective of horizontal equity.

The need for restraint on government expenditures is real enough. Yet, the burden of fiscal restraint must be distributed equally among Canadians and in recognition of their needs, capacities and the contributions they make to the larger society through the family responsibilities they assume. Regrettably, recent decisions to target the nation's child and family benefit system as a source of government savings has effectively redistributed the burden of taxation and fiscal restraint from those who do not have children to support to those who do bear responsibility for the next generation.

SOME STEPS TOWARD THE ELIMINATION OF CHILDHOOD POVERTY

It goes without saying that there is no single, straightforward solution to the problem of child poverty. Child poverty will not be reduced or eliminated without a coherent set of initiatives involving all levels of government and many of the departments within governments. As well, the goal of eliminating childhood poverty will call upon the resources and commitment of employers, educators, citizens and the organizations that represent and serve them.

Yet, there is a crucial starting-point from which meaningful and tangible progress can spring. It is time for Canadians and their representatives to renew their commitment to the next generation, to all our children. The concern and commitment expressed by the Standing Committee on Health and Welfare of the House of Commons by establishing its Sub-Committee on Poverty is itself a welcome initiative which opens the door to an assessment of the impact of recent decades of social, economic, technological and cultural change on the income-earning patterns of Canadian families.

The situation and needs of low-income parents and children can be understood only in the broader context of these changes that have transformed, in fundamental ways, the distribution of wealth and income throughout the population. The deterioration of average family incomes experienced during the 1980's has been contained over the decade only by virtue of the increasing labour force participation of wives and mothers. This trend is, for a variety of demographic, economic, social and cultural reasons, irreversible. At a time when most families have come to depend on two incomes to make ends meet, the relative deprivation increases for many families who have, by virtue of necessity or choice, only one income. Thus the poverty of the lone-parent mother and her children is, in part, a function of the broader trends of economic and family change. Similarly, the two-parent, one-earner family with a number of children has, in recent years, found it increasingly difficult to maintain its standard of living.

Appreciation of these recent trends in the economics of the home leads to recognition of the need, first and foremost, to ensure that the net effect of the taxation and expenditure policies of governments acknowledge better than they now do the vital societal role of parents, of whatever income level, who are responsible for dependent children. At the very least, it is time to stop the erosion in the value of the modest benefits we commit to parents and children.

In recognition of the central role played by employment income in ensuring the financial security of parents and children, there is a need to enlarge the employment opportunities available to parents and to enhance their employability through appropriate programs of local and regional economic development and education and training initiatives. Programs of education and training will need to be supplemented by a variety of supportive programs that ensure that such opportunities are genuinely accessible to those particular groups of parents who are most likely to be poor. For example, accessible, high-quality and affordable child care as well as adequate income supplementation and educational incentives are essential if lone-parent mothers are to avail themselves of such educational opportunities.

As the figures on the number of poor children whose parents are employed demonstrate, even employment is no guarantee against poverty. The majority of poor families are working poor. There is a need to assess the factors that lie behind the rapid decline of 26% in the real value of the minimum wage that has occurred since 1975 if the employment initiatives noted above are to contribute substantially to a reduction in the incidence of poverty and childhood poverty. In 1975, minimum wage workers supporting a spouse and a child in a large city could earn 81 per cent of the poverty level income if they worked forty hours per week year-round. By 1986, these same minimum wage workers could earn only 46 per cent of the poverty line income by working year round at the minimum wage.[4]

There is, as well, the evident need to develop further strategies to protect the incomes of family members who are absent from work for family-related reasons; recent improvements to parental leave provisions are, in this regard, welcome as would be the broader implementation of sick leave policies which acknowledge that parents may be absent from work to care for sick children, disabled family members, the frail elderly and so on. Also, the poverty of many of the children with employed lone mothers will be alleviated through continued efforts to ensure the equity of wages between men and women. In a similar vein,

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[4]. Canadian Child Welfare Association, Canadian Council on Children and Youth, Canadian Council on Social Development, Canadian Institute of Child Health, Child Poverty Action Group, Family Service Canada, Vanier Institute of the Family. A Choice of Futures: Canada's Commitment to its Children. Ottawa: 1988.

Also: David P. Ross & Richard Shillington. The Canadian Factbook on Poverty - 1989. Ottawa: Canadian Council on Social Development, 1989.

affirmative action programs designed to eliminate employment discrimination against our native peoples and other visible minorities can contribute to the reduction of childhood poverty.

The stricter enforcement of spousal and child support orders can certainly contribute to improving the financial circumstances of women and children subsequent to separation and divorce. At the same time, it has become apparent that there are limits to the extent to which the often severe economic consequences of marital dissolution for women and children can be reduced by relying solely on such private contracts. It may now be necessary to expand the boundaries of public responsibility at the time of separation and divorce in order to ensure adequate levels of income security to women and children, to protect the continuing relationships between former spouses and their children and to guarantee the timely delivery of funds into the hands of women.

The recent review of Ontario's social assistance system and rates has documented the need for reforms intended to both increase the levels of financial assistance provided and to enhance the opportunities and capacities of some categories of recipients to become self-supporting. While the social assistance systems of the various provinces differ in important respects, there is no doubt that the levels of social assistance in all of the provinces fall far short of the low-income lines established by Statistics Canada and the other most frequently cited poverty lines. At a minimum, there is a great need for public education about Canada's social assistance systems, the levels of benefits they provide and the kinds of citizens who are the recipients of these benefits in order to provide a sounder foundation for public discussion of the "welfare" system. For example, few Ontarians are aware that fully 40% of the beneficiaries of that province's social assistance expenditures are under 18 years of age.[5]

Just as the above suggestions have implicated various domains of public policy making dealing with employment, wages, education and training, child care, income security, family law and so on, the costs of housing represent an important dimension in the overall equation that is childhood poverty. According to recent studies submitted to the Ontario Social Assistance Review Committee by the municipalities of Ottawa and Toronto, welfare recipients routinely spend between 50 and 75 per cent of their

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5. Social Assistance Review Committee. Transitions. Toronto: Ontario Ministry of Community and Social Services, 1988, p. 48.

total monthly allowances on shelter. As Ross and Shillington point out: "This leaves little for food and clothing, let alone health care, household operation, education, transportation, and personal care."[6]

As a principle, it is preferable (not to mention less expensive) to strengthen the capacities of families to carry out their responsibilities than it is to replace families with substitute agents of care, education, control, economic maintenance and nurturance. Surely, it is preferable that families have sufficient resources to feed their children than it is to feed their children through food banks or school lunch programs. This being said, there is still much that can, and in the present circumstances should, be done to supplement the capacities of families to care for their children. Therefore, such programs as those intended to counsel low-income parents on nutrition guidelines and domestic budgeting or to supplement the diets of children do have their place in an overall response to the tragedy that is childhood poverty as long as such ameliorative programs do not diminish our society's commitment to redress the underlying causes of their poverty.

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6. Ross & Shillington. Op. cit., p. 14.

IN SUMMARY:

Childhood poverty can be addressed only indirectly through policies and programs oriented toward improving the financial security of families.

Childhood poverty is closely related to a number of factors pertaining to the structure and functioning of families: parental marital status, age of parents, family size, wage-earning patterns.

The incidence, duration and depth of childhood poverty can be understood only in relation to recent changes in the income-earning patterns of families in general.

Children comprise the largest group of poor Canadians and trends over the last decade reveal that the incidence of poverty among children remains higher at the end than at the beginning of the decade.

Recent decisions to withdraw monies from the overall child and family benefit system have adversely affected all families, including poor families.

Recent budgetary changes and tax reforms have redistributed the burden of taxation and fiscal restraint from those without children to those with children.

Childhood poverty calls for a coordinated and coherent set of policies and program initiatives including:

-renewed commitment to policies and programs of family income security based on the principle of horizontal equity;
-enhancement of targeted income-security policies and programs to ensure adequate material security for low-income parents and their children;
-economic development and employment-creation programs as well as supplementary programs of education, training and support;
-re-assessment of the role of minimum-wage legislation in ensuring family income security and redressing the problems of the working poor.
-policies and programs to reduce the "wage-gap" between men and women and to eliminate employment discrimination against native peoples and other visible minorities;
-family law reforms to better protect women and children from the economic consequences of separation and divorce;
-policies and programs to ensure an adequate stock of affordable housing;
-programs and services to supplement the diminished capacities of poor parents to provide adequate food, clothing, shelter, education and nurturance to their children.